



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

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July 14, 1999

R. Eberley Davis, Vice President  
Lodestar Energy, Inc.  
333 West Vine Street, Suite 1700  
Lexington, Kentucky 40507-1628

Re: Permit Transfers, White Oak Mining and Construction, Inc. to Lodestar Energy, Inc., White Oak #1 and #2 Mines, ACT/007/001, and Horizon Mining, LLC to Lodestar Energy, Inc. Horizon Mine, ACT/007/020, Folder #3, Carbon County, Utah

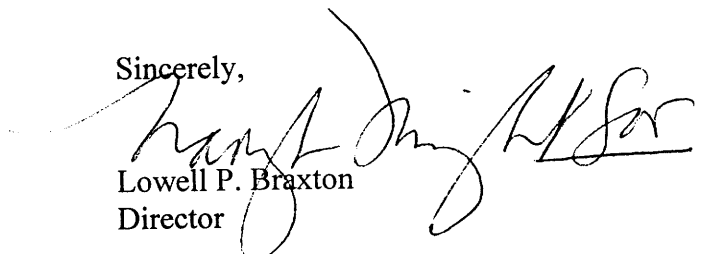
Dear Mr. Davis:

The permit transfers for the White Oak #1 and #2 Mines and Horizon Mine are approved (the decision documents associated with these permitting actions are attached.) Please read the permits and associated conditions of the permits and if you have any questions please let us know. Please sign both copies of each permit and return one of each to the Division.

Additionally, please submit the revised legal and financial information for both the White Oak #1 and #2 Mines and Horizon Mine to update the mining and reclamation plans by August 13, 1999.

We look forward to working with you and your company. Please feel free to call me or my staff anytime.

Sincerely,

  
Lowell P. Braxton  
Director

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Enclosure

cc: Jim Fulton, OSM, WRCC  
Denise Dragoo, Snell and Wilmer, w/o enclosure  
Vicky Miller, EarthFax Engineering, w/o enclosure  
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**UTAH DIVISION OF OIL, GAS AND MINING  
STATE DECISION DOCUMENT  
PERMIT TRANSFER**

Lodestar Energy, Inc.  
Horizon Mine  
ACT/007/020  
Carbon County, Utah

July 14, 1999

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## ADMINISTRATIVE OVERVIEW

Lodestar Energy, Inc.  
Horizon Mine  
ACT/007/020  
Carbon County, Utah

July 14, 1999

### PROPOSAL

Lodestar Energy, Inc. submitted an application to transfer the permit rights for the Horizon Mine on May 27, 1999.

### RECOMMENDATION

All of the information submitted by Lodestar Energy, Inc has been found adequate to transfer the permit for the Horizon Mine. The permit transfer was published in the Price Sun Advocate on June 3, 1999. No comments were received.

An OSM-AVS recommendation was verified on July 13, 1999 with an "issue" recommendation.

Adequate liability insurance was posted by Lodestar Energy, Inc. and received on July 9, 1999. A surety was posted in the amount of \$711,000 and the Reclamation Agreement signed and submitted on July 14, 1999.

It is, therefore, recommended that approval be given for the transfer of the permit rights from Horizon Mining, LLC to Lodestar Energy, Inc.

## PERMITTING CHRONOLOGY

Lodestar Energy, Inc.  
Horizon Mine  
ACT/007/020  
Carbon County, Utah

July 14, 1999

|               |   |
|---------------|---|
| May 27, 1999  | Lodestar Energy, Inc. submits a permit transfer application.  |
| June 3, 1999  | The permit transfer notice is published in the Price <u>Sun Advocate</u> .                              |
| July 5, 1999  | Thirty day comment period ends. No comments received.   |
| July 9, 1999  | Certificate of Insurance received.  |
| July 13, 1999 | An OSM "issue" recommendation for the permit transfer from Horizon Mining, LLC to Lodestar Energy, Inc. |
| July 14, 1999 | The Reclamation Agreement, including the surety bond, is received.                                      |
| July 14, 1999 | Permit Transfer.  |

## FINDINGS

Lodestar Energy, Inc.  
Horizon Mine  
ACT/007/020  
Carbon County, Utah

July 14, 1999

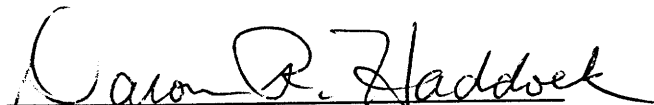
The applicant for transfer of permit rights of the Horizon Mine, Lodestar Energy, Inc. has committed to continue to conduct the operation involved in full compliance with the terms and conditions of the permit. (R645-300-133.)


Currently Lodestar Energy, Inc. has submitted a bond sufficient to cover reclamation costs in the permit area (with the costs of the "coal mine waste" included in Division Order #ACT/007/020-DO99B to be added, when approved). Lodestar Energy, Inc. will assume all liability for compliance with terms and conditions of the Horizon Mine permit and any orders, stipulations or conditions associated with the permit.


The following findings specifically apply to the application for transfer of permit rights:


1. Division records and the results of the 510 (c) clearance check, show that neither Horizon Mining, LLC nor Lodestar Energy, Inc. or any affiliates control or have controlled coal mining and reclamation operations with a demonstrated pattern of willful violation of the Act of such nature and duration and with such resulting irreparable damage to the environment as to indicate an intent not to comply with the Act. See memo to file dated July 13, 1999.
2. The State of Utah, the Division has determined that the application for transfer of permit rights is accurate and complete, and complies with the requirements of R645-300-133.100.
3. The applicant has the legal right to enter and begin coal mining activities at the Horizon Mine. (R645-300-133.300)
4. Lodestar Energy, Inc. agrees to pay all reclamation fees for the Horizon Mine as required by 30 CFR Part 870. (R645-300-133.730)
5. Procedures for public participation have complied with the requirements of the Act and the Utah State Program. Notice was published in the Price Sun Advocate on June 3, 1999 as required by R645-303-322.

6. The applicant has obtained a performance bond equivalent to the bonding requirements of the existing permit, in the amount of \$711,000. (R645-303-342).

  
Permit Supervisor

  
Permit Supervisor

  
Associate Director of Mining

  
Director